



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### **REPORT TO COUNCIL**

#### **SUBJECT**

Direction Regarding Amending the Employment Agreement between the City of Sunnyvale and City Manager Kent Steffens to Increase the City Manager Salary in an Amount to be Determined by the City Council

#### **BACKGROUND**

The City Council met in closed session on December 4 and December 18, 2018 to discuss the City Manager's annual performance evaluation. The City Manager's compensation must be determined in a public meeting.

As of January 1, 2019, the City Manager was entitled to a 3% annual salary increase pursuant to Section 3 of his employment agreement. However, the City Council also has discretion to modify that amount.

#### **EXISTING POLICY**

Council Policy 7.3.1 Legislative Management - Goals and Policies, Goal 7.3D: Maintain a quality work force, consistent with state and federal laws, City Charter, and adopted policies in order to assure that City services are provided in an effective, efficient, and high quality manner.

Salary Resolution 7.110. Control Points and Salary Ranges. Management. - Control Point ranges for Management classifications are established for each classification in Categories D, E, K and M that extend from 85% of Control Point up to 100% of Control Point.

#### **ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" with the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

#### **DISCUSSION**

The City Manager's Employment Agreement provides that the City Manager shall be entitled to retirement and other benefits as applicable to department directors. Section 3.3 of the Agreement provides the following related to salary increases:

Employee shall receive an annual salary increase of three percent (3%), beginning with the pay period including January 1, 2019, until reaching the maximum salary range as approved and that may be amended by the City Council from time to time.

Notwithstanding the preceding, the City Council may, by a majority vote, approve modifications to the Employee's annual salary increases.

For context, other City employees completing their first year of employment are eligible for an increase in salary, typically 5%, not to exceed the control point, with a satisfactory performance evaluation, pursuant to the Salary Resolution Article 7.130.

The salary control point for the City Manager's classification is \$302,041 - \$362,449. The City Manager was hired on January 1, 2018 at 85% of the control point with an annual salary of \$302,041. Based on the City Manager's satisfactory performance and consistent with the employment agreement providing for an annual salary increase of 3%, the City Manager is entitled to the 3% salary increase, but the Council may approve a modification to his annual salary increases.

If the City Council chooses to increase the City Manager's salary beyond the scheduled three percent increase already provided in the employment agreement, it should provide direction to the staff on the desired amount of increase. Staff would then work with the City Attorney to prepare an amendment to the attached Employment Agreement (See Attachment 1) consistent with the City Council's direction. An increase within the currently published control point would require no further action. However, if the Council desires to increase the City Manager's compensation beyond the existing control point range (approximately equal to a 20% or greater increase), staff would need to return to the City Council for approval of an amendment to the salary schedule to increase the control point for the City Manager position, due to CalPERS requirements that employee compensation must be consistent with rates in a publicly available published salary schedule.

### **FISCAL IMPACT**

The FY 2018/19 Budget for the Office of the City Manager includes full funding of salary and benefits for the City Manager and included an assumption of a 2% increase in base salary. A larger increase can be absorbed in the current year budget and will be included in the FY 2019/20 Recommended Budget.

### **PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

### **ALTERNATIVES**

1. Provide direction regarding increasing the City Manager's salary in an amount to be determined by the City Council, and authorize the Mayor to execute an amendment to the City Manager's agreement, in a form approved by the City Attorney, to increase the annual salary reflecting the increase directed by the City Council and consistent with the salary control point, effective January 1, 2019.

### **RECOMMENDATION**

Staff makes no recommendation.

This report is developed to facilitate conversation for the public hearing and action by the City Council.

Prepared by: Tina Murphy, Director, Human Resources

Reviewed by: Teri Silva, Assistant City Manager

**ATTACHMENTS**

1. Employment Agreement
2. Compensation Survey